

**REQUEST FOR PROPOSALS THIRD-PARTY INVESTMENT
MANAGEMENT AND RECORDKEEPING SERVICES FOR
DEFINED CONTRIBUTION PLANS - RFP NUMBER 08-03**

Presented by:

Sam M. Wingo, Director PERF PMO



[Evaluation Team]

- Alvin Wilson, TRF Project Manager
- Bob Newland, TRF CIO
- Crystal Lawson, TRF Chief Benefits Officer
- Dave Huffman, PERF CTO & Deputy Director
- Derek Walling, PERF Manager, Financial Business Analysis & Employer Liaison
- Sam Wingo, PERF PMO Director
- Steven Barley, PERF COO & Deputy Director
- Stan Lanman, PERF Procurement Officer (Non Voting)

[RFP Timeline]

| <u>ACTIVITY</u> | <u>EXPECTED DATE</u> |
|---|--|
| RFP published/released | March 31, 2008 |
| Bidders Conference | April 11, 2008 from 9:00 AM to 12:00 PM ET |
| Respondent's inquiry period ends | April 18, 2008 by 3:00 PM ET |
| Responses to inquiries made | April 25, 2008 |
| RFP Responses Due | May 9, 2008 by 3:00 PM ET |
| Review Responses & Select Initial Vendors | May 14, 2008 |
| Initial Proposals | May 27, 2008 through May 30, 2008 |
| Finalists Announced | June 2, 2008 |
| Site Visits | June 16, 2008 through June 18, 2008 |
| Finalists Proposals | June 23, 2008 through June 26, 2008 |
| Selection & notification of selected vendor | June 27, 2008 |
| Contract Negotiations | June 30, 2008 through July 11, 2008 |
| Sign Contract | July 14, 2008 |

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[Evaluation Criteria]

Proposals will be evaluated based upon the proven ability of the respondent to satisfy the requirements in an efficient, cost-effective manner, taking into account quality of service with minimal tolerance for error. Specific criteria include:

- Fulfilling the requirements set forth in the RFP
- Technical knowledge, skills and other competencies of the firm
- Vendor qualifications (Executive Summary, Page 4)
- Quality of responses to this RFP
- Quality and detail of COOP and Disaster Recovery Plans
- Technical knowledge/solution
- Quality of references
- Findings during site visit
- Adequate security of data
- Experience and track record
- Price (i.e. detail of fee proposal)
- Quality of finalist presentation, if selected
- Special consideration will be given to those able to meet the Buy Indiana Initiative

Funds Included

■ PERF

- Indiana Public Employees' Retirement Fund (PERF)
- 1977 Police Officers' And Firefighters' Pension And Disability Fund (77 Fund)
- Legislators' Retirement System (LE Fund)
- 1977 And 1985 Judges' Retirement System (JU Fund)
- Prosecuting Attorneys' Retirement Fund (PA Fund)
- State Excise Police, Gaming Agent, Gaming Control Officer & Conservation Enforcement Officers' Retirement Plan (C&E Fund)

■ TRF

- Indiana State Teachers' Retirement Fund (TRF)

[New Member Set-up]

- An account will be set up and should be maintained with the current balance of that member's account.
- A "Welcome Packet" must be sent to the new member of each fund. As part of that packet, each member must be given the opportunity to elect his or her investment options and beneficiary. In an effort to ensure that all members are fully educated, information related to the member's Defined Benefit will be required to be communicated, if applicable.
- In addition, the vendor must make an attempt to provide education in some manner regarding the fund and the rules governing that fund.
- Finally, the vendor must attempt to ensure that the member is provided the opportunity to enroll for online services.

Ongoing Member Account Maintenance

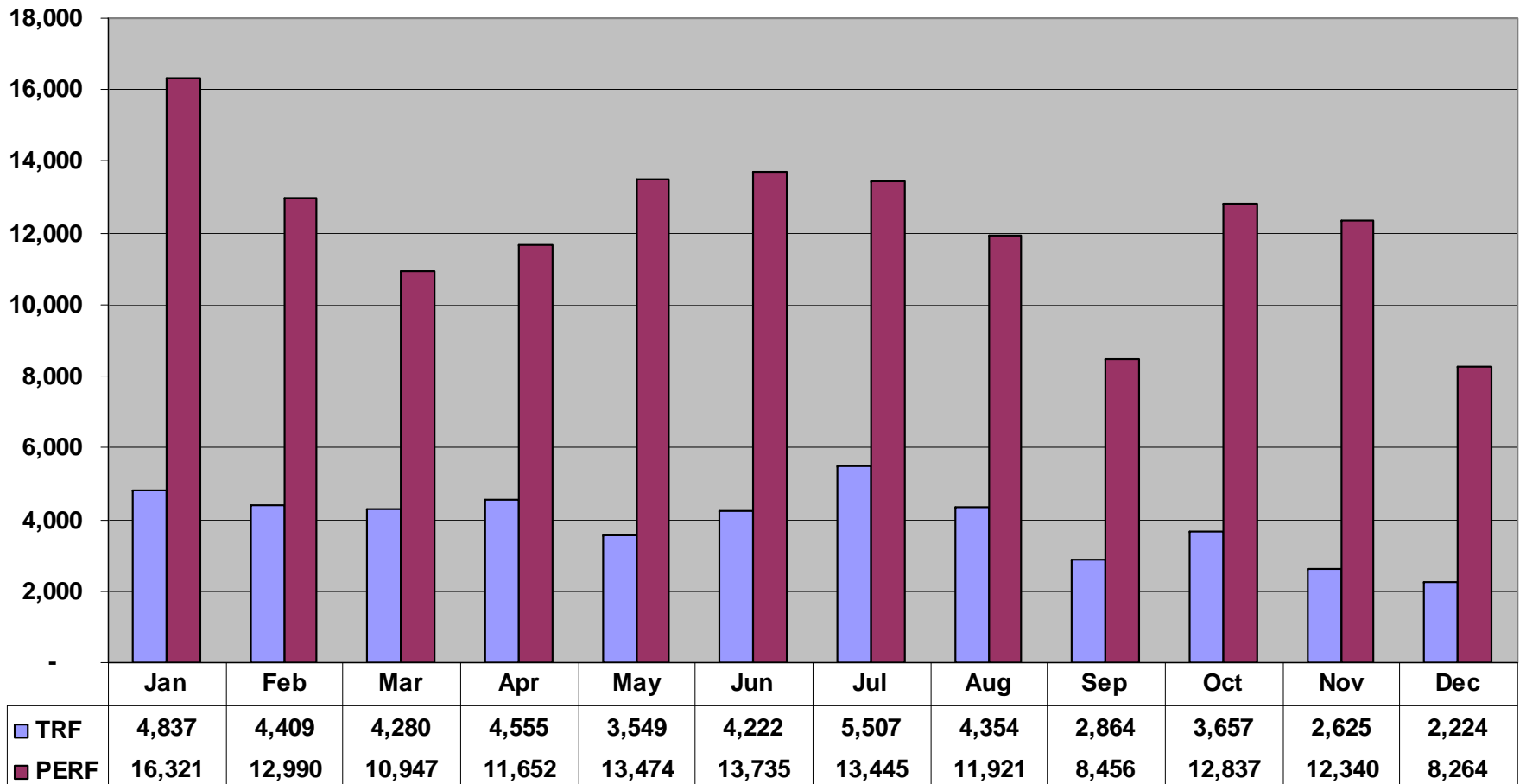
| <u>Fund</u> | <u>Active</u> | <u>Inactive</u> |
|--------------|-------------------|-----------------|
| PERF | 167,000 | 98,000 |
| 77 Fund | 13,000 | 1,600 |
| LE Fund (DB) | 174 | 28 |
| C&E Fund | 480 | 50 |
| PA Fund | 430 | 90 |
| JU Fund | 385 | 60 |
| TRF Fund | 76,000 | 42,709 |
| LE Fund (DC) | 215 Total Members | |

Ongoing Member Account Maintenance

- Ensure two-way synchronization between the funds and the recordkeeper of the following:
 - Demographic Changes
 - Beneficiary Changes
 - Pre/post tax voluntary contributions
- The vendor must handle all:
 - Investment Option Changes

Contact Center – Call Volume by Month

2007 PERF & TRF Call Volume by Month



Contact Center – Major Contact Reasons

| <u>PERF Contact Reason</u> | <u>Percent</u> | <u>TRF Contact Reason</u> | <u>Percent</u> |
|----------------------------|----------------|---------------------------|----------------|
| General Instructions | 1.90% | Retirement Inquiry | 62.0% |
| Benefit Estimate | 1.90% | | |
| Calculator | | Appointments | 3.0% |
| Investment Direction | 2.40% | Check Inquiry | 2.0% |
| Retirement Application | 2.60% | Death Inquiry/Report | 1.0% |
| Taxes | 2.90% | Employer Inquiry | 1.0% |
| Qualifications | 3.10% | Form Request | 4.0% |
| Direct Deposit | 3.30% | Insurance Request | 1.0% |
| Years of Service | 3.50% | Investments | 1.0% |
| ASA Balance | 3.70% | Qtr Statement Inquiry | 3.0% |
| 1099 | 4.10% | Referral | 5.0% |
| Distribution | 4.30% | Svc Credit Inquiry | 8.0% |
| Address/Name Change | 4.70% | TRF # Request | 1.0% |
| Retirement Process | 9.10% | Withdrawal Inquiry | 4.0% |
| Distribution Process | 9.90% | | |
| Miscellaneous | 10.40% | | |
| Status of Check | 14.00% | | |

Investments & Money Management (dollars in thousands)



| <u>Fund</u> | <u>Net Assets</u> |
|--------------|-------------------|
| PERF | \$13,262,414 |
| 77 Fund | \$3,310,171 |
| LE Fund (DB) | \$5,498 |
| LE Fund (DC) | \$25,729 |
| C&E Fund | \$63,172 |
| PA Fund | \$26,189 |
| JU Fund | \$23,386 |
| TRF | \$8,981,000 |

Investments & Money Management

| Investment Options | PERF | LE Fund | C&E Fund | PA Fund | JU Fund | 77 Fund | TRF |
|--------------------|------|---------|----------|---------|---------|---------|----------------|
| CRIF | | X | X | X | X | X | |
| Guaranteed Fund | X | | | | | | X |
| S&P Stock Fund | X | X | | | | | X |
| Small Cap Fund | X | X | | | | | X |
| International Fund | X | X | | | | | X |
| Bond Fund | X | X | | | | | X |
| Money Market Fund | X | X | | | | | Rollovers Only |

[Loan Processing (LE Fund only)]

- Pursuant to statute (IC 2-3.5-5-11), a member of the LE Fund is allowed to take out a loan.
- The vendor will be required to handle loans and loan payment processing. All loans must comply with Section 72(p) of the Internal Revenue Code, with no more than two new loans permitted during any plan year.
- There currently is not a maximum number of loans that a legislator may have outstanding at any time, but the dollar amount is limited to \$50,000.
- The vendor will need to demonstrate the ability to handle this loan process.

[ASA Distributions]

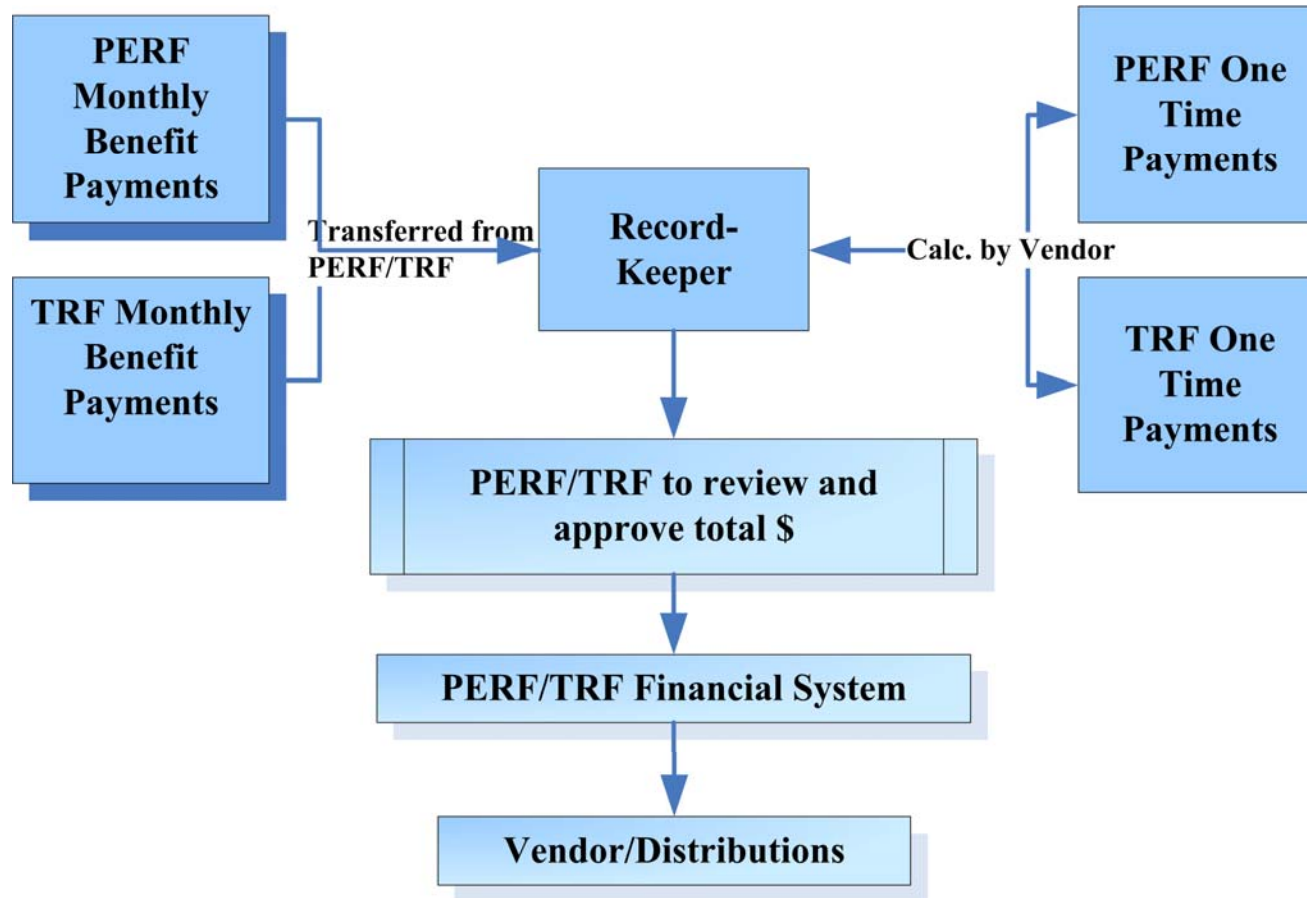
- The vendor will process all ASA distributions or rollovers.
 - PERF – 200 to 225 per week
 - TRF – 50 to 75 per week
- The vendor must ensure there has been separation from service.
- The vendor must educate all non-vested members of what they are giving up by taking a distribution of ASA funds.
- The vendor must ensure they are able to handle the various specific rules related to each of the funds.

[Disbursements]

- The vendor must be able to handle disbursements of both one-time and reoccurring monthly DB payments.
- The vendor must set up an impressed fund or impressed funds for which to make the disbursement payments.
- The following are the volume of retirees, as of June 30, 2007:

| <u>Fund</u> | <u>Retiree</u> |
|-----------------|----------------|
| PERF | 61,646 |
| 77 Fund | 2,373 |
| LE Fund (DB) | 20 |
| C&E Fund | 141 |
| PA Fund | 54 |
| JU Fund | 264 |
| TRF Fund | 41,253 |

Disbursements



[Disbursements]

- The vendor must ensure that it maintains a balance of outstanding checks to allow for appropriate action to be taken, which may require that the vendor reissue a check. A check may be re-issued for several reasons. The following outlines the main reasons why a check may need to be replaced:
 - Returned Checks
 - Returned ACH
 - Rollover Name Changes
 - Stale Checks
 - Reissued Checks
 - Stolen Checks
 - Lost Checks
 - Mutilated Checks

[Tax Implications]

- The vendor must ensure that all tax payments are made and reported to the IRS on a weekly basis.
- The vendor must ensure that 1099s are processed and mailed according to IRS guidelines and regulations.
- Track and file annual taxes.

[Accounting and Finance]

- Ensure two-way synchronization and development of appropriate communication workflows between the Funds, the Funds' custodians and the recordkeeper to support PERF and TRF's required accounting and reconciliation activities relating to:
 - Member contributions
 - Earnings applied to member accounts
 - Benefit payments
 - Any other accounting items as determined by PERF and/or TRF

PERF & TRF Web Functionality - Member

| <u>Functionality</u> | <u>PERF</u> | <u>LE Fund</u> | <u>77 Fund</u> | <u>TRF</u> |
|--|-------------|--------------------|--------------------|------------|
| Demographic Updates (i.e. address changes, phone # changes, email address changes) | X | | X | X |
| Beneficiary Updates | X | | X | X |
| Investment Elections | X | X | X | X |
| Quarterly Member Statements | X | X | X | X |
| Online Retirement Application | X | | | |
| Benefit Estimates Calculator | X | | X | X |
| Service Purchase Estimate Calculator | X | | | X |
| Annual Statements | As of 06/08 | | X | |

PERF & TRF Web Functionality - Retirees

| <u>Functionality</u> | <u>PERF</u> | <u>77 Fund</u> | <u>TRF</u> |
|--------------------------------------|-------------|--------------------|------------|
| Demographic Updates | X | X | X |
| Direct Deposit Elections | X | X | X |
| 1099 Re-prints | X | X | X |
| Beneficiary Demographic Changes Only | X | X | X |
| Tax Withholdings | | | X |

PERF & TRF Web Functionality - Employers

| <u>Functionality</u> | <u>PERF</u> | <u>77 Fund</u> | <u>TRF</u> |
|--|-------------|--------------------|------------|
| Demographic Updates | X | X | |
| Benefit Estimates Calculator | X | X | |
| Service Purchase Estimate Calculator | X | | |
| Online Retirement Application | X | | |
| Membership Records | X | | X |
| Bulk Membership Records | X | | |
| Wages & Contributions | X | | X |
| Employer Certifications | X | X | |
| Last Day in Pay Status Certifications | X | X | |
| Final Wage Report Certifications | X | X | |
| View Service Credit | X | | |
| Employer Demographic Maintenance | | | X |
| Online Retirement Application (Part 2) | | | X |

[Project Timeline & Milestones]

- The recordkeeper must plan on an approximate 12 month implementation.
 - Start: July/August 2008
 - End: June 30, 2009
- Key milestones:
 - 1/1/09 - Go live with disbursements of DC and DB
 - 1/1/09 – LE DC go live

[Contract Award]

- The term of the contract entered into under this RFP shall be for a period of three (3) years, beginning from date of final execution of contract, with the possibility of contract renewals thereafter at the discretion of PERF and/or TRF.